



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-0402



03039714

November 26, 2003

Eugene Serban  
Corporate Counsel  
Lucent Technologies Inc.  
Room 6G-212  
600 Mountain Avenue  
Murray Hill, NJ 07974

Re: Lucent Technologies Inc.  
Incoming letter dated September 26, 2003

Act: 1934  
Section: \_\_\_\_\_  
Rule: 14A-8  
Public  
Availability: 11-26-2003

Dear Mr. Serban:

This is in response to your letters dated September 26, 2003 concerning the shareholder proposals submitted to Lucent by SWAG Investment Portfolio. Our response is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in the correspondence. Copies of all of the correspondence also will be provided to the proponent.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

PROCESSED

DEC 12 2003

THOMSON  
FINANCIAL

Sincerely,

Martin P. Dunn  
Deputy Director

Enclosures

cc: Annette Felahis  
President  
SWAG Investment Portfolio  
3330 Wolf Willow Close  
Alpharetta, GA 30004

100 6240



**Eugene Serban** Room 6G-212  
Corporate Counsel 600 Mountain Avenue  
Murray Hill, NJ 07974  
Telephone: 908-582-8807  
FAX 908-582-8048

**VIA UPS NEXT DAY AIR**

September 26, 2003

Office of the Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

RECEIVED  
2003 SEP 30 11:10:34  
OFFICE OF CHIEF COUNSEL  
DIVISION OF CORPORATION FINANCE

Re: Lucent Technologies Inc. / Request for Exclusion From Proxy  
Materials of Shareholder Proposal by Swag Investment Portfolio

Ladies and Gentlemen:

Lucent Technologies Inc., a Delaware corporation (the "Company"), is submitting this letter pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934 to notify the Securities and Exchange Commission (the "Commission") of the Company's intention to exclude from its proxy materials for its 2004 Annual Meeting of Shareholders (the "Proxy Materials") a shareholder proposal (attached hereto as Exhibit A) (the "Proposal") submitted by Mrs. Annette Felahis, President of the SWAG Investment Portfolio (the "Proponent"). We request that the Division of Corporation Finance (the "Staff") not recommend to the Commission that any enforcement action be taken if the Company excludes the Proposal from its Proxy Materials for the reasons set forth below. In order to allow us to complete the mailing of our Proxy Materials in a timely fashion, we would appreciate receiving your response by October 31, 2003.

The Proponent submitted her Proposal in a letter dated August 24, 2003. The Company believes that the Proposal may be omitted from the Company's Proxy Materials for the following reasons:

- the Company did not receive the proposal before the deadline set forth in Rule 14a-8(e); and
- the Proponent does not meet the minimum ownership requirements set forth in Rule 14a-8(b)(1).

**The Company did not receive the Proposal before the deadline set forth in Rule 14a-8(e)**

As disclosed in the Company's proxy statement for its 2003 Annual Meeting of Shareholders, a proposal must be received by the Company by August 25, 2003 for it to be included in the Proxy Materials for the 2004 Annual Meeting. This date is consistent with the deadline requirement set forth in Rule 14a-8(e), which provides that a proposal must be received at the company's executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. The Company received the Proposal by Federal Express on August 26, 2003 at 9:42 a.m. A copy of the Federal Express label is enclosed as Exhibit B. By letter dated September 8, 2003, the Company advised the Proponent of the deficiency and asked her to provide proof that the Proposal was delivered to the Company on or before August 25, 2003. A copy of this letter is attached as Exhibit C. To date, we have not heard from the Proponent.

**The Proponent does not meet the minimum ownership requirements of Rule 14a-8(b)(1)**

Rule 14a-8(b)(1) provides that in order to submit a proposal, a shareholder must ... "have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least 1 year by the date you submit the proposal." In the Proponent's letter dated August 24, 2003 (attached hereto as Exhibit A), the Proponent states that it owns 172 shares of Lucent common stock. By letter dated September 8, the Company asked the Proponent if it owned additional stock that would indicate that it met the minimum ownership requirement of Rule 14a-8(b)(1) and asked the Proponent to supply appropriate verification of such ownership. In accordance with Staff Legal Bulletin 14, the 172 shares of Lucent common stock owned by the Proponent did not have a market value \$2,000 or greater on any day during the 60 calendar days before the Proponent submitted the Proposal,

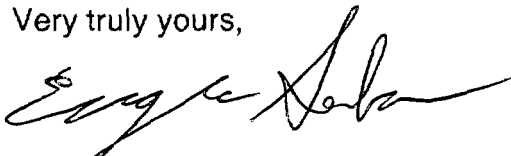
based on the highest selling price of Lucent common stock during such period.  
(See Section C(1)(a) of Staff Legal Bulletin 14, July 13, 2001).

For the reasons set forth above, the Company believes that it may properly  
exclude the Proposal from its Proxy Materials in accordance with Rule 14a-8.

As required by Rule 14a-8(j), we have enclosed six copies of this letter and are  
sending a copy of this letter to the Proponent. Please acknowledge receipt of  
this letter and the enclosed materials by stamping the enclosed copy of this  
letter and returning it to us in the enclosed self-addressed and stamped  
envelope.

If you have any questions regarding this matter, please contact me at  
(908) 582-8807. If you disagree with our conclusion that the proposal may be  
omitted from our Proxy Materials this year, I would appreciate an opportunity to  
discuss the matter with you before you issue a formal response.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eugene Serban", written over a horizontal line.

Eugene Serban

Enclosures

cc: Michael Keefe

A

24 August, 2003

To: Lucent Corporate Secretary  
Lucent Technologies  
600 Mountain Avenue  
Murray Hill, New Jersey 07974

From: SWAG Investment Portfolio  
3330 Wolf Willow Close  
Alpharetta, GA 30004

Subject: Submittal of Proposals for the Lucent Technologies Annual Meeting of  
Stockholders

Attached: Five Proposals

In accordance with the by-laws, I am requesting that the attached five proposals be  
submitted for stockholders consideration at the Annual Meeting.

Your cooperation is appreciated.

Sincerely,



Annette Felahis  
President

jt/akf

## **PROPOSAL NUMBER 1**

SWAG Investment Portfolio of 3330 Wolf Willow Close, Alpharetta, GA 30004, owner of 172 shares, hereby submits the following proposal for shareholder consideration.

Eliminate the practice of compensating executives and directors by granting stock options.

The practice of issuing stock options allows for the perception, if not the reality, of wrong doing as follows:

1. The value of stock held by other shareholders may be reduced.
2. Company executives with large stock option grants may use insider information to the detriment of other shareholders.
3. The so called "at risk" executive compensation of stock options could place a disproportionate emphasis on current stock prices at the expense of other company short and long term objectives, with shareholders assuming the risk.
4. The practice of issuing stock options also hides the actual executive compensation from shareholders.

## **PROPOSAL NUMBER 2**

SWAG Investment Portfolio of 3330 Wolf Willow Close, Alpharetta, GA 30004, owner of 172 shares hereby submits the following proposal for shareholder consideration.

Establish an independent board to focus wholly on shareholder interest, increasing the stock value and focusing on stated company objectives. The executive compensation committee should be isolated from company executives when determining executive salaries and benefits.

### **PROPOSAL NUMBER 3**

SWAG Investment Portfolio of 3330 Wolf Willow Close, Alpharetta, GA 30004, owner of 172 shares hereby submits the following proposal for shareholder consideration.

Once granted, stock options cannot be reissued, restated, re-priced (except for stock splits), exchanged or extended from their initial issue price.

The practice of re-issuing, restating, re-pricing, exchanging and extending stock options to company executives, employees and directors negatively impacts the value of stock held by non-management stockholders.



#### **PROPOSAL NUMBER 4**

SWAG Investment Portfolio of 3330 Wolf Willow Close, Alpharetta, GA 30004, owner of 172 shares hereby submits the following proposal for shareholder consideration.

No personal loans may be made to any person or entity connected with Lucent Technologies. Such loans pose both a risk and a loss to the stockholders.

1. Any default on these loans would be borne by the shareholders.
2. These loans reflect cash assets which are not being utilized to further company objectives.

## **PROPOSAL NUMBER 5**

SWAG Investment Portfolio of 3330 Wolf Willow Close, Alpharetta, GA 30004, owner of 172 shares hereby submits the following proposal for shareholder consideration.

Company executives cannot negotiate or enter contracts or trusts for severance or retirement that differ from the rank and file employee.

W/9/14 -NJ-US

NE KBCA

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FedEx USA Airbill Express

FedEx Tracking Number

840714426767

1 From 8-25-03

Sender's Name Annette Felanys Phone

Company

Address 3330 West Willow Creek

City Ashland State OH ZIP 43004

2 Your Internal Billing Reference

3 To Recipient's Name Lucent Corporation

Company Lucent Technologies

Address 600 Mountain Ave

Address 600 Mountain Ave

City Muller NY State NY ZIP 07974

Form I.D. No. 0200

4a Express Package Service

☒ FedEx Priority Overnight ☐ FedEx Next Business Day

☐ FedEx 2Day ☐ FedEx Express Saver

4b Express Freight Service

☐ FedEx 1Day Freight ☐ FedEx 2Day Freight

☐ FedEx 3Day Freight ☐ FedEx 4Day Freight

☐ FedEx 5Day Freight ☐ FedEx 6Day Freight

☐ FedEx 7Day Freight ☐ FedEx 8Day Freight

☐ FedEx 9Day Freight ☐ FedEx 10Day Freight

☐ FedEx 11Day Freight ☐ FedEx 12Day Freight

☐ FedEx 13Day Freight ☐ FedEx 14Day Freight

☐ FedEx 15Day Freight ☐ FedEx 16Day Freight

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☐ FedEx 45Day Freight ☐ FedEx 46Day Freight

☐ FedEx 47Day Freight ☐ FedEx 48Day Freight

☐ FedEx 49Day Freight ☐ FedEx 50Day Freight

☐ FedEx 51Day Freight ☐ FedEx 52Day Freight

☐ FedEx 53Day Freight ☐ FedEx 54Day Freight

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**Lucent Technologies**  
Bell Labs Innovations



©

Janet E. O'Rourke    Room 3C-510  
Senior Manager    600 Mountain Avenue  
Corporate Governance    Murray Hill, NJ 07974  
Telephone: 908-582-3329  
Facsimile: 908-582-1089

September 8, 2003

**VIA UPS NEXT DAY AIR**

SWAG Investment Portfolio  
Attn: Annette Felahis, President  
3330 Wolf Willow Close  
Alpharetta, Georgia 30004

Dear Mrs. Felahis:

This acknowledges receipt of your correspondence dated August 24, 2003 that contained a shareowner proposal. Lucent received your proposal on August 26, 2003.

The deadline for proposals was August 25, 2003. This date was printed in our proxy statement for the 2003 Annual Meeting. I have enclosed of the notification that appeared in the proxy statement for your reference. We, therefore, did not receive your proposal in a timely fashion to include in our proxy statement for the 2004 Annual Meeting. If your records indicate otherwise, please provide us with documentation indicating that we received your proposal by the August 25, 2003 deadline.

As you may know, the inclusion of shareowner proposals in proxy statements is governed by the rules of the United States Securities and Exchange Commission (SEC), specifically Rule 14a-8 (Shareholder Proposals). That rule requires that the proposal be presented at the annual meeting either by the proponent, or by the proponent's representative, who is qualified under state law to present the proposal on the proponent's behalf. The rule further requires that the proponent of the proposal be a record or beneficial owner of at least two thousand dollars in market value of the securities entitled to vote at the annual meeting; have held such securities for at least one year at the time the proposal

is submitted; and continue to own such securities through the date on which the annual meeting is held.

We have not been able to locate records from our transfer agent, The Bank of New York, that would indicate that you meet the minimum share ownership requirement. You have indicated to us that you own 172 shares. If you own additional common stock through a nominee (such as a bank or brokerage firm), please provide documentary support indicating the number of shares that you own through each nominee, as well as the date(s) when you acquired the shares. ***You can provide to us a written statement from the record holder of the securities, such as a broker or bank, verifying that you have owned the requisite number of securities continuously for one year as of the time you submitted your proposal.***

In accordance with the SEC rules mentioned above, you must provide this information to the undersigned within 14 calendar days after receipt of this letter. Thank you for your interest in Lucent Technologies.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Janet O'Rourke", with a long horizontal flourish extending to the right.

## **DIVISION OF CORPORATION FINANCE INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS**

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the Company in support of its intention to exclude the proposals from the Company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

It is important to note that the staff's and Commission's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly a discretionary determination not to recommend or take Commission enforcement action, does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material.

November 26, 2003

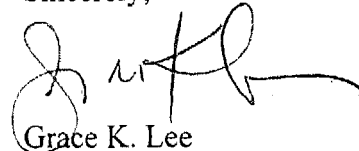
**Response of the Office of Chief Counsel**  
**Division of Corporation Finance**

Re: Lucent Technologies Inc.  
Incoming letter dated September 26, 2003

The proposal relates to stock options, independent boards, personal loans, and executive trusts and contracts for severance.

There appears to be some basis for your view that Lucent may exclude the proposal under rule 14a-8(f). We note that the proponent appears not to have responded to Lucent's request for documentary support indicating that the proponent has satisfied the minimum ownership requirement for the one-year period required by rule 14a-8(b). Accordingly, we will not recommend enforcement action to the Commission if Lucent omits the proposal from its proxy materials in reliance on rules 14a-8(b) and 14a-8(f). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which Lucent relies.

Sincerely,

A handwritten signature in black ink, appearing to read 'Grace K. Lee', with a stylized flourish extending from the end.

Grace K. Lee  
Special Counsel